

## MINUTES

BOARD OF TRUSTEES OF THE  
PUBLIC EMPLOYEES' RETIREMENT FUND  
143 West Market Street, Suite 500  
Indianapolis, IN 46204

March 9, 2001

### Trustees Present

Richard Doermer, Chair  
Nancy Turner, Vice Chair  
Jonathan Birge  
Teresa Ghilarducci  
Steven Miller

### Others Present

Mike Gery, Executive Assistant to the Governor  
Tim Joyce, Governor's Deputy Chief of Staff  
Diana Hamilton, Special Liaison to the Governor for Public Finance  
Mary Beth Braitman, Ice Miller  
Pete Keliuotis, Wm. M. Mercer Investment Consulting  
Stephanie Grieser, Wm. M. Mercer Investment Consulting  
Micah Fannin, Wm. M. Mercer Investment Consulting  
Richard Boggs, Burnley Associates  
Steffanie Rhinesmith, Indiana Development Finance Authority  
Doug Todd, McCready & Keene, Inc.  
Patricia Gerrick  
E. William Butler, PERF Executive Director  
Eric Swank, Ice Miller (Acting as PERF Counsel)  
Diann Clift, PERF MIS Director  
Patrick Lane, PERF Director of Communications  
William Hutchinson, PERF Division Director, Pension Administration  
David Yeater, PERF Controller  
Linda Stahl, Recording Secretary

### ITEMS MAILED TO THE BOARD PRIOR TO MEETING

- A. Agenda of March 9, 2001 Meeting
- B. Minutes:
  - ☐ February 9, 2001 Board Meeting
  - ☐ February 15, 2001 Investment Committee Meeting
- C. State Board of Accounts Fiscal Year 2000 Audit Report

- D. Quarterly Financial Statements and Quarterly Statistical Report
- E. 4<sup>th</sup> Quarter 2000 Performance Analysis Report
- F. 4<sup>th</sup> Quarter 2000 Investment Compliance Report

A quorum being present, the meeting was called to order.

1. PERF CONCERNS

Tim Joyce, representing the Governor's Office, was in attendance to discuss several issues the Board feels are areas of concern with respect to PERF.

Chair Doermer began by noting he felt it would be useful to air some of those concerns. One, the Trustees have long been aware that the quality of service rendered to the various members of PERF has never met the standards of the Board. The service requirements of the organization are huge, and there has been growing pressure to meet those needs. Some of those pressures are now being expressed by representatives of the General Assembly. The Board has tried to identify the priorities involved when they have an enormous investment job, which they view with particular concern. They have laid a priority on the investments in recent months. They are now almost through that process.

On the service side, the Board is aware that the agency's systems have been weak and there have not been the people needed to do the job. With the passage of legislation in 2000 that established PERF as a quasi governmental agency, it was hoped that those concerns could be addressed quickly. The Trustees are aware of the very sensitive aspects of that. The investment world pays very well, and there is not an abundance of competence out there that's available. So the money competition is severe. That makes the Board uncomfortable because they cannot be hiring people who are earning significantly more than other key people in the State organization. In any event, the Trustees are very zealous in their determination to repair the relatively weak service the organization has been able to offer, prompted in part by the systems' inadequacies. Help has been secured in that area, and the organization will be working in cooperation with the Teachers' Retirement Fund in utilizing a common system so that money is not spent inefficiently. At the same time, the Board feels a little constrained by what they view to be concerns from the Governor's Office about what the Fund can do and how quickly they can do it.

Chair Doermer noted further that the Board hopes to be able to impress the Governor's Office that they are just anxious to do a good job, and to do so is going to require staff. That is not to say that staff will be required at a level throughout the organization that is significantly, visibly above the levels of pay for other agencies. However, this five person Board hopes to be viewed as the kind of people who will do this thing sensibly and with concern for the pocketbook and the taxpayer and try to compromise all the various interests they have to serve. With that Chair Doermer opened the floor for other Trustee comments.

Steve Miller continued that he was a bit disturbed to see current legislation that proposes eight new members to the Board of Trustees. He noted that a five-member Board is sometimes stretching it a little thin, but only a couple more Trustees are needed. It was Mr. Miller's sense that the reason such legislation was proposed was because it was felt the Board was unresponsive to the legislature. It was Mr. Miller's contention that that problem would be solved a lot more quickly with the right staff in place than with more Board members. To the extent that things needed to be elevated to the Board's attention, then there would be the proper framework for doing that and everybody would be a lot happier. Currently, one individual is doing everything, and some key positions need to be filled and filled quickly. The Board needs to have the freedom they need to find good people. That will take big steps toward getting where the Fund needs to be.

Teresa Ghilarducci also expressed concern that the Fund does not serve two populations --- the employers and the employees. As someone who studies pension plans and as a Professor at Notre Dame, Ms. Ghilarducci noted that there are benchmarks for a high performance pension plan. It would be her desire to ensure that PERF has a few of them. Currently, the Board has good investment advice and makes good investment decisions. However, State employees are hindered in planning for retirement, and any pension plan worth anything does exactly that. Another concern has to do with employer communications. Employers are in PERF because it helps them hire and keep good people. However, there is currently no way of communicating with the employer to secure their input as to their needs.

Jonathan Birge added that you have to walk before you can run and some really important foundation steps have been laid. However, there are more really important building blocks that need to be put in place. To the extent that the Board is to assume even more responsibility for the staffing and the manner in which the whole operation works, then there will be a heavier burden on them in terms of their responsibility to make sure that they are doing it right for everybody.

Chair Doermer summarized that the Board was happy to have a chance to express their concerns. He noted that there are no material weaknesses at PERF. Personnel are strong, conscientious, dedicated people trying to do their best. There just aren't enough of them to do the job. While this matter is not something screamingly urgent, it is vastly important

Mr. Joyce responded to the concerns of the Trustees by noting that the work performed by the staff of PERF as well as the Board is not taken lightly. It was his belief that the Governor would look to this Board as people who really believe strongly in ways they can make a contribution. Thus, whatever conflicts come up as the result of the evolution of PERF are all part of growing. What's being done is very critical to the membership of the Fund who are very dependent upon the actions taken by the Board. When it comes to the actual delivery of service on a day-to-day basis, everyone would agree that it's time to catch up with the rest of

the world. Certainly, the investment work the Board has been undertaking is making great progress to achieve that end. As far as being able to address employers and employees, there is a lot of work to be done. He noted that it is really important that the Trustees plan the stages in which to determine what comes first. On the other hand, the Governor operates in a public arena, and everything winds up for him to defend or justify. It is important, however, for the Board to know that where they are going, or where the agency will go with its service to both employers and employees, is fully supported by the Governor's Office.

## 2. MINUTES APPROVAL

**MOTION** duly made and carried to approve the Minutes of the February 9, 2001 meeting of the Board of Trustees.

*Proposed by: Jonathan Birge*

*Seconded by: Nancy Turner*

*Votes: 5 for, 0 against, 0 abstentions*

## 3. BOARD DISCLOSURES

Richard Doermer – Bank One stock ownership

## 4. RECOGNITION

In recognition of his 25 years of service to the PERF Board of Trustees, Richard Doermer was presented with Senate Concurrent Resolution 46 acknowledging:

- Richard began his tenure of service on the PERF Board in 1975 when he was appointed by Governor Otis R. Bowen, M.D.;
- On July 1, 2000, Richard began his seventh consecutive term as Trustee;
- Richard's dedicated service on the PERF Board has extended through the terms of Governor Otis T. Bowen, Governor Robert D. Orr, Governor Evan Bayh, and Governor Frank L. O'Bannon;
- Richard was honored by his fellow Trustees with election to the chairmanship four consecutive years beginning in 1997;
- Richard's accomplishments have been recognized by his receipt of numerous awards, including two Sagamore of the Wabash awards and the Indiana Academy Medallion in recognition of individual merit in achieving the purposes of encouraging, promoting, and serving business, philanthropy, science, literature, art, community service, and higher education;
- Richard's sense of citizenship brought him to serve in the United States Navy during World War II in the Pacific Theater;
- Richard's lifelong commitment to state and local community service is further evidenced by his involvement in numerous organizations, including the Catholic Diocese of Fort Wayne, the United Way of Allen County, the Fort Wayne Community School System, the University of Notre Dame, the University of St. Francis, the Fort Wayne Parks Foundation, the St. Joseph Hospital of Fort Wayne, and the Hospice and Visiting Nurses Service of the Fort Wayne area;

- Richard and his late wife, Mary Louise "Weezie" Doermer, have always held their family as their highest priority and are the proud parents of Kathryn Callen and Richard D. Doermer and grandparents to six beautiful grandchildren; and
- Richard T. Doermer, having dedicated 25 years to serving the Indiana Public Employees' Retirement Fund, is regarded with the highest esteem by his fellow Board members and the staff of the Fund.

## 5. ADMINISTRATIVE

### Cost Effectiveness Measurement

PERF is in receipt of the Cost Effectiveness Measurement (CEM) draft report. Members of the staff met with representatives of CEM to review the report. A number of needed changes were noted. CEM has taken all that information and are reintegrating that into their report. The final report should be back in PERF's hands sometime during April and ready for Board review at its May meeting.

### SIRIS/Backfile Update

The SIRIS project did not go live on March 5 as previously scheduled. However, the business risks were identified, and the project is now on schedule for April 2. The old IRIS application will still be online for retirement benefits and benefits processing once this portion of SIRIS (active member information) is running. IRIS and SIRIS will be synchronized until approximately a year from now, when stage 2 of SIRIS (benefits) will go live.

As reported at the February meeting, the backfile conversion project was temporarily placed on hold due to a high error rate in the files that had been scanned and returned. Analysis of those files showed a 27% error rate --- PERF's requirements are no more than a 5% error rate. The vendor has committed to making this right and has brought in a gentleman with documented success in imaging backfile conversion projects. This individual has been of tremendous help in looking at the quality assurance process. It is anticipated that a test set of 4 boxes of files will be send back to San Antonio on March 19. The quality rate will again be checked upon return of those files. Assuming no further problems, the process will be restarted at a rate of 5 boxes a day, building to 8-10 boxes per day. The goal is to complete this project in 9 months.

### Data Cleanup Project

Permission was previously requested and approved to begin a pilot project for the purpose of cleaning PERF's data. That project is now underway. The vendor has taken electronic files from two of PERF's largest employers, Indiana University (IU) and the State of Indiana, and they are analyzing that data at this time. It is anticipated that approximately 30-40% of the missing dates for these two entities will be found via electronic review. Following that a review will be made of the member records on file, and it is anticipated that between the two approximately

50% of the missing data will be found. After that the vendor will be contacting the employers direct to seek their assistance in determining missing dates. This procedure will be used for PERF's top 20 employers as a part of the pilot project and is scheduled to be completed in August. At that time the vendor will reassess this matter and provide PERF with figures as to the cost and time needed to complete the entire project.

#### Buildings Update

A quarterly property management report was distributed for Board review (copy on file). No discussion was undertaken on the report.

### 6. LEGISLATION & LEGAL

#### Legislative Update

Mary Beth Braitman provided an update on pending legislation as follows:

➤ **Senate Bill 562 – Venture Capital Investments**

This bill establishes the Indiana venture capital fund. The bill was heard on February 12 and was readily passed out of Committee. There were no Fund or constituent group representatives present at the meeting. Question was raised as to why a pension bill had not gone through Pensions & Labor. Neither had the bill been through the Pension Management Oversight Commission. Notwithstanding that question, the bill when to second reading where it was amended with respect to some procedural issues. The bill then passed upon third reading and moved on to the House. The correlating House Bill 1803, also not assigned to Ways and Means, was heard and passed. It was, however, held on second reading. Labor constituent groups (police, fire, teachers, unions, etc.) are now keeping a close eye on this issue.

➤ **House Bill 1600 – PERF Board of Trustees**

This bill originated to provide cardiopulmonary resuscitation training in high schools. However, it was amended on second reading to: 1) increase the number of members on the PERF Board of Trustees from 5 to 13, and 2) direct the PERF Board of Trustees to transfer the fund account of a county-funded hospital that is sold to a private entity to the fund account of the county that funded the hospital and to add the transferred amount to the county's fund account.

➤ **House Bill 1815 – PERF and TRF COLA**

Originated to provide cost-of-living adjustments to members of both PERF and TRF. The bill has been, however, a problematic one due to funding issues with TRF. The bill was amended to provide that members of PERF and TRF may

change the investment direction of their annuity saving accounts on a quarterly basis. It appears very likely that such change will, in fact, be forthcoming. However, efforts are underway to change the effective date of that change from July 1, 2001 to January 1, 2002. Because PERF and TRF are currently in the process of implementing a new computer system, to make change of this nature effective July 1, 2001 would require adjusting both the old and new systems to accommodate the change. If quarterly elections are implemented effective January 1, 2002, only the new SIRIS system would require adjustment.

➤ House Bill 2025 – Pension Relief Distribution

As originated, the bill provided that distributions from the pension relief fund to local units of government would be made in a particular year based on estimates of pension liabilities in the ensuing year. This bill has undergone very little change. The Senate version of this bill is 260 and will in all likelihood be the bill carried forward.

Litigation Update

Eric Swank reported on litigation previously brought against PERF which challenged the way benefit provisions were interpreted in the Excise Police & Conservation Enforcement Officer's Retirement Plan. PERF received a favorable decision in the Court of Appeals. Consequently, the plaintiffs requested that the Indiana Supreme Court hear the case. The Supreme Court declined to hear it so that the case should be remanded back to a Trial Court. Because of the Fund's favorable decision in the Court of Appeals, it is anticipated that the case will be dismissed.

Another piece of litigation has been filed by an individual who is challenging his service calculation. Apparently, this individual was terminated and filed a grievance against the union that his termination was unjust. He sued PERF claiming that he should be entitled to service for that period of time after he was terminated and before he was rehired. However, because he did not receive a salary and no PERF contributions were made, this individual does not have any service with the Fund for that period of time. The Attorney General's Office is filing a response in this matter.

7. ACTUARIAL

Doug Todd presented July 1, 2000 executive summary reports for the Legislators' Retirement System, Excise Police & Conservation Enforcement Officers' Retirement Plan, and PERF.

Discussion began with the Excise Police & Conservation Officers' Plan. The unfunded liability in the Plan was \$11,903,897, representing a slight increase from \$11,857,609 in 1999. As well, the employer cost rose slightly from \$762,592 to

\$764,082. Cost as a percent of payroll was 15.6% in 1999 and rose to 15.7% in 2000. Market value return on assets was 5.2%, down from 11.8% in 1999. However, because the asset valuation method was changed from cost value to using a smoothing method, the actuarial value return on assets was 6.6%, down from 7.9% in 1999.

Moving on to the Legislators' Retirement System, Mr. Todd noted that this plan is funded more on a dollar basis. The formula is the lesser of 100% of pay or \$40 per years of service. This is a closed plan and is open only to those legislators who were in office on a specific date in 1989. This is similar to the old plan in Police & Fire and will eventually fade away. As of July 1, 2000 there were 60 active, 32 retired and disabled, and 27 deferred vested participants. Annual benefits payable decreased slightly due to a suspension of benefits as the result of a participant being re-elected to office and the death of another participant. The unfunded liability has been dropping every year. Even the total annual cost has dropped from \$186,663 in 1999 to \$177,559 in 2000. There were some gains with market value return on assets of 5.9% and actuarial return on assets in the amount of 8.8%.

Finishing with the PERF report, note was made that both the State of Indiana and municipality contribution rates dropped every year from 1997 through 1999. This year it appeared that salary increases were higher than the preceding year such that the rates pretty much held steady for both the State and local municipalities. Also, investments did not do as good as was hoped. The actual unfunded liability of the Fund as of July 1, 2000 was +\$567,771,321. The expected unfunded liability was +\$527,739,596, representing an actuarial gain of approximately \$40,031,725.

## 8. FINANCIAL

### State Board of Accounts Audit

The June 30, 2000 State Board of Accounts (SBA) audit report includes five comments in the management letter involving reserve reconcilements, financial accounting and reporting, investment accounting and transfers, checking account reconciliation, and determination of creditable service. Several of those comments are repeats from earlier years. In response to the first three of those comments, PERF noted that these are fundamentally manpower issues. It is expected that they will soluble with the addition of the SIRIS system. With respect to the checking account reconciliation issue, note was made that PERF is putting together a process to resolve that issue. The determination of creditable service issue came as a surprise. PERF indicated that if they were provided with a sample of the SBA test cases, an investigation would be undertaken as to the causes of these errors and the appropriate corrective action. To that issue, William Hutchinson noted that such an investigation was completed and there wasn't a clear-cut pattern to the errors found. They were pretty much scattered across all of the benefits counselors. All counselors were made aware of the mistakes, and all



of the retirements have since been corrected. One thing that was discovered was that the individual doing the audits at that time was not auditing service. They were checking benefit and salary calculations only. That has since been corrected. Thus, it is unlikely that this will be a recurring matter.

### Financial Reports

Copies of a quarterly financial statement and quarterly statistical report were distributed for Board review (copies on file). No discussion was undertaken on the reports.

## 9. INVESTMENTS

### Investment Committee Report

Steve Miller reported that the Committee is in the process of completing a search for active international equity managers. On February 15 a total of eight firms were interviewed. From those firms Committee selected to following for recommendation to the full Board:

<u>Manager</u>	<u>Allocation</u>
Capital Guardian Trust Company	\$250 Million
GE Asset Management	\$250 Million
ValueQuest/TA	\$ 50 Million

Since that time there has been some change in ValueQuest's status. Specifically, the firm had a fairly low base of assets relative to the other candidates. However, because this is a minority woman-owned firm, Committee was comfortable with that and felt this was a great opportunity to provide an emerging woman-owned firm with some allocation on the international equity side. Upon interviewing them, Committee felt generally an impressive depth and quality of staff within the firm. Since that time their largest account, CalPERS, has decided to terminate their contract, and CalPERS has a \$210 Million investment with ValueQuest in international equity. CalPERS conducted a Request for Proposal (RFP) for active international managers. Due to a court action they discontinued their emerging woman-owned and minority-owned firm program. As a result, everyone had to respond to the RFP on an equal basis. Because of some issues in terms of trying to structure the RFP process, ValueQuest was not able to participate with the other firms and was looked upon separately as a contract review as opposed to a comprehensive evaluation. Upon reviewing the contract, CalPERS decided that ValueQuest was not as competitive as other respondents to the RFP due to a combination of performance issues that have since been resolved and firm asset issues. That termination will be effective June 30, 2001. With that loss, ValueQuest's international strategy is down to about \$100 Million. They have a couple of accounts they are competent they are either going to win or in the case of a current account, their allocation would be increased. However, with a \$50

Million award, PERF would be a large percentage of their international assets. In terms of total firm assets, their loss of the CalPERS account moves them down to approximately \$250 Million.

Following some further discussion,

**MOTION** duly made and carried to retain the firms of Capital Guardian Trust Company and GE Asset Management as international equity managers with an initial allocation of \$250 Million each. Prior to September 30, 2001, the organizational and performance issues of ValueQuest will be reviewed. At that time a decision will be made as to whether the organization will be funded or reviewed again at a later date.

*Proposed by:* Steven Miller  
*Seconded by:* Jonathan Birge  
*Votes:* 5 for, 0 against, 0 abstention

**MOTION** duly made and carried to allocate another \$50 Million from the S&P 500 Fund to the State Street International Equity Fund that will at some point in time be the source of funding for ValueQuest, should it be decided to fund them.

*Proposed by:* Steven Miller  
*Seconded by:* Nancy Turner  
*Votes:* 5 for, 0 against, 0 abstention

Mr. Miller also provided an update on the firm of Hughes Capital Management. As noted at the last Board meeting, one of Hughes' primary portfolio managers left and has been replaced. Mr. Miller reported that having spoken with Frankie Hughes, Principal and President of Hughes, he feels no concern about the person who was brought in new to the firm. What does concern him is the fact that they have disconnected from Loomis Sayles as their source of research. Currently, it is not clear how Hughes will be generating their research. Thus, it might be worthwhile to request a report on the matter.

#### Alternative Investment Consultant

Mr. Butler reported that the Request for Proposal for an investment consultant appeared in the March 5 edition of *Pensions & Investments (P&I)*. It had, however, hit the streets via the *P&I* web page both as a news item and as a short form RFP. Efforts were made to make it clear in the RFP that the request was for consulting services only, and it was specifically noted that the Fund is not seeking management services. The RFP submission period closes on March 19.

#### Investment Policy Revision

Previously Fidelity Management Trust Company requested approval to purchase ADRs (American Depositary Receipts) in their portfolio. ADRs and a sister security called GDRs (Global Depositary Receipts) are basically claims on shares of stock

listed on foreign exchanges but the claims are listed on U.S. exchanges in the case of ADRs and U.S. and other foreign exchanges in the case of GDRs. PERF's Investment Policy currently prohibits such purchases. Therefore, recommendation was made to amend the Investment Policy to make provision for purchase of these securities.

**MOTION** duly made and carried to amend PERF's Investment Policy as follows:

International Equity Management

p. 25 Core Active Management

Description: Investment in a portfolio of equity securities of companies domiciled outside the United States and **primarily** listed on foreign exchanges that substantially matches the composition and characteristics of the market index benchmark. **Investment in ADRs (American Depositary Receipts) and GDRs (Global Depositary Receipts) is permitted.** However, portfolios are expected to vary in terms of number of securities held and, from time to time, vary from the index as measured by the statistical characteristics (e.g. country allocation, average capitalization, industry or sector weighting, price to earnings ratio, price to book ratio, dividend yield) of the portfolio.

p. 26 Style-Specific Active Management

Description: Investment in a portfolio of equity securities of companies domiciled outside the United States and **primarily** listed on foreign exchanges that substantially matches the composition and characteristics of the market index benchmark. **Investment in ADRs (American Depositary Receipts) and GDRs (Global Depositary Receipts) is permitted.** However, portfolios are expected to vary in terms of number of securities held and, from time to time, vary substantially from the index as measured by the statistical characteristics (e.g., country allocation, average capitalization, industry or sector weighting, price to earnings ratio, price to book ratio, dividend yield) of the portfolio.

*Proposed by: Steven Miller*  
*Seconded by: Jonathan Birge*  
*Votes: 5 for, 0 against, 0 abstentions*

## Performance Analysis Report

Pete Keliuotis summarized 4<sup>th</sup> quarter market performance (performance report on file) by noting that the market experienced a very rapid decline in the GDP growth rate. The unemployment rate rose slightly to 4.0%. Consumer spending fell at a 2% annual rate, the largest decline since 1990. The Federal Reserve left interest rates unchanged, and the Consumer Price Index increased 0.5% for the quarter, 3.6% for the year.

Looking at equity performance, disappointing earnings caused the stock market to tumble during the 4<sup>th</sup> quarter. Large cap stocks were down 7.8% as measured by the S&P 500, creating a 9.1% loss for the year 2000. Small caps fared somewhat better, reporting a 6.9% loss for the quarter as measured by the Russell 2000 Index.

Fixed income yields fell across the maturity spectrum during the 4<sup>th</sup> quarter with intermediate yield falling 68-87 basis points, while short and long term yields fell 34 and 42 basis points respectively. Spurred on by the strength of the treasury market, the Lehman Brothers Aggregate Index rose 4.2%. The Intermediate Aggregate Index was up 3.8%. Long treasuries were up 7.2%, corporate bonds continued strong, and mortgage-backed securities posted the strongest quarter gain since June of 1995, returning 3.9% for the quarter.

International equity markets again saw a decline in the 4<sup>th</sup> quarter. The Pacific region's performance was down 12.6% while the Nordic countries were the poorest performers, down 3.8%. Europe's full year performance was the worst since 1982, but they rebounded in December, posting a 2.1% gain for the quarter. Emerging markets saw double-digit losses for a third consecutive quarter.

With respect to the Consolidated Retirement Investment Fund (CRIF), there was a decline in the 4<sup>th</sup> quarter of 2.6%. The overweighted fixed income allocation added to relative performance as equities posted negative returns. In aggregate, the Fund's fixed income managers managed to beat the Lehman Brothers Aggregate Index by 20 basis points. Over trailing periods, the Fund lagged both the Target and the Actual Universe median as well as the Target Reference Index. It did, however, slightly outpace the Changing Allocation Index.

## Investment Compliance Report

Richard Boggs began his 4<sup>th</sup> quarter investment compliance report (copy on file) by noting that all investment managers appeared to be following the investment styles for which they were hired. There were no significant violations of the guidelines detected.

Security lending efficiency and income generation continued strong. There were two violations detected in the Cash Collateral Portfolios. Trading and brokerage

commissions averaged 3.4 cents per share during the quarter. The S&P Index trades were at 2.7 cents, with the Large Cap Enhanced Indexers trading at 3-4 cents and the Small Cap at 4-5 cents. Those ranges are within the acceptable for large institutional portfolios.

10. NEW BUSINESS

Following discussion,

**MOTION** duly made and carried to amend the Fund's employment policies adopted June 8, 2000 with the following qualified fringe employee benefit:

**Moving Reimbursement**

PERF shall provide payment for qualified moving expenses where the Executive Director approves the payment in advance. Qualified moving expenses include only those reasonable expenses that would be deductible under Internal Revenue Code 217 if paid by the employee, i.e.; (a) expenses of moving household goods and personal effects from the former residence to the new resident, and (b) expenses of traveling (including lodging but not meals) from the former resident to the new residence. In no event shall these expenses exceed \$10,000.

*Proposed by: Nancy Turner*  
*Seconded by: Jonathan Birge*  
*Votes: 5 for, 0 against, 0 abstentions*

11. NEXT MEETING

The next meeting of the Board will be conducted on April 20, 2001.

12. ADJOURNMENT

There being no further business, the meeting was adjourned. An Executive Session of the Board followed to discuss personnel issues.

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Richard T. Doermer  
Chair

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E. William Butler  
Executive Director